

**California Department of Transportation  
Public Transportation Modernization, Improvement, and Service Enhancement  
Account  
(PTMISEA) Guidelines  
and  
Project Description and Allocation Request (Request)**

1. Authority and Purpose of Guidelines

The Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by the voters as Proposition 1B on November 7, 2006, includes a program of funding in the amount of \$4 billion to be deposited in the Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA). Of this amount, \$3.6 billion in the PTMISEA is to be made available to project sponsors in California for allocation to eligible public transportation projects.

Funds will be appropriated to the State Controller's Office (Controller) for allocation to eligible agencies. Senate Bill (SB) 88, Statutes of 2007 (added to Government Code (GC) as Sections 8879.55 and Section 8879.56) identified the California Department of Transportation (Department) is the administrative agency for the PTMISEA. As such, the Department is responsible to develop and approve guidelines that do the following:

- a. Provide for the audit of project expenditures and outcomes.
- b. Require that the useful life of the project be identified as part of the project nomination process.
- c. Require that project nominations have project delivery milestones, including, but not limited to, start and completion dates for environmental clearance, land acquisition, design, construction/equipment bid award, construction/equipment procurement completion, as applicable, and project closeout.

These guidelines are intended to assist the project sponsor and the Department in verifying that the proposed project(s) is consistent with the criteria established for the PTMISEA in the Bond Act and SB 88, Statutes of 2007. SB 88 also provides statutory provisions for the \$600 million appropriated in fiscal year (FY) 2007-08 for this program. In accordance with SB 88, Statutes of 2007, the program will become inoperable on July 1, 2008. The Department will revise these guidelines as necessary for the remainder of the funds to be appropriated for the PTMISEA in future fiscal years.

2. Program Intent

The PTMISEA is part of a comprehensive voter-approved transportation bond investment package designed to help advance important goals and policies, including protecting the environment and public health, conserving energy, reducing congestion, and providing alternative mobility and access choices for Californians. Projects funded from the

PTMISEA will help advance the State's policy goals of providing mobility choices for all residents, reducing congestion, and protecting the environment.

### **Statutory Program Eligibility**

#### **3. Project Sponsors**

"Project sponsor" is identified by the Controller and means:

- a. A transit operator, including a rail transit, commuter rail, bus, or waterborne transit operator, eligible to receive an allocation of funds under the State Transit Assistance (STA) pursuant to Public Utilities Code (PUC) Sections 99314 and 99314.3, or
- b. A local agency, including a transportation planning agency, county transportation commission, or the San Diego Metropolitan Transit Development Board, eligible to receive an allocation of funds under the STA pursuant to PUC Section 99313.

"Recipient Agency" is the project sponsor that will act as the lead when multiple project sponsors agree to contribute their PTMISEA funds to a joint project. The Recipient Agency will complete Table 1 of the Request form and the contributing project sponsors will complete Table 2.

#### **4. FY 2007-08 PTMISEA Share**

The Controller identifies and develops the list of eligible project sponsors and the amount each is eligible to receive, based on calculations outlined in SB 88, Statutes of 2007. The Controller notifies project sponsors of their eligibility and funding level via an official letter annually. For FY 2007-08, the Controller released their letter on October 24, 2007. The FY 2007-08 PTMISEA amount is available for allocation until June 30, 2010.

#### **5. Eligible Projects**

Eligible projects are transit capital projects (including a minimum operable segment of a project) for purposes of one of the following:

- a. Rehabilitation, safety, or modernization improvements.
- b. Capital service enhancements or expansions.
- c. New capital projects.
- d. Bus rapid transit improvements.
- e. Rolling stock procurement, rehabilitation or replacement.

To be eligible, projects must have a useful life not less than the required useful life for capital assets pursuant to the State General Obligation Bond Law, GC Section 16727 (a).

Projects must be consistent with the sponsor's most recently adopted short-range transit plan or publicly adopted plan that programs or prioritizes funds for transit capital improvements, including a transportation improvement program or a certified board endorsement.

6. Project Full Funding Plan

The project sponsor must provide a funding plan that demonstrates the funds are expected to be reasonably available and sufficient to complete the project or a useable project segment. Funding for a useable project segment can only be approved if the benefits associated with the segment are sufficient to meet the objectives of the PTMISEA. If a project sponsor uses potential future, estimated PTMISEA funds as part of its full funding plan, it must sign the following statement on the cover sheet:

"This Request is subject to any additional restrictions, limitations or conditions that may be enacted by the State Legislature, including the State's budgetary process, which may affect the amount of bond proceeds received by the project sponsor now and in the future. Project sponsors may need to consider alternative funding sources if bond proceeds are not available. In the event the project cannot be completed as originally scoped, scheduled and estimated, or the project is terminated prior to completion, project sponsor shall, at its own expense, ensure that the project is in a safe and operable condition for the public."

**Project Description and Allocation Request**

7. Project Description and Allocation Request

Project sponsors shall submit to the Department a description of the proposed transit capital project or projects it intends to fund with PTMISEA for FY 2007-08, via the Project Description and Allocation Request (Request) form. The Request form is provided in the attached Microsoft Excel-formatted Attachments A, A.1, and A.2. The Request includes all of the following and serves as the basis for the Department's review to verify the projects are consistent with the PTMISEA requirements:

- a. A summary of the proposed project, which shall include the benefit the project intends to achieve.
- b. The useful life of the project.
- c. The estimated schedule for the completion of the project.
- d. The total cost of the proposed project, including the identification of all funding sources necessary for the project to be completed.

The project sponsor and/or the "recipient agency" must sign the Request. A project sponsor becomes the "recipient agency" when more than one project sponsor is

contributing to the project. The contributing project sponsors must also sign the Request form and state the dollar amount contributed and whether the funds are provided in accordance with SB 88, Statutes of 2007; or provide an official signed letter with this information.

Each table in the Request must be completed as follows:

- Table 1 – Project Sponsor/Recipient Agency Information: If there is only one project sponsor, with no other sponsors contributing, complete Table 1 information accordingly, as the Project Sponsor. If there are other contributing project sponsors, the agency receiving the funds from other project sponsors becomes the lead agency, or Recipient Agency. In the case of multiple contributing project sponsors, the Recipient Agency completes this Table.
- Table 2 – “Contributing Project Sponsor(s)” Information: The Request must clearly identify the contributing PTMISEA-eligible sponsors and the amount of funds they are contributing and whether the funds are from the PTMISEA formula for GC Section 8879.55(a)(2) or GC Section 8879.55(a)(3).
- Table 3 – Project Category: Select one category that best describes the project.
- Table 4 – Project Summary: Describe the project (or minimum operable segment of a project), including:

The useful life of the project or asset, which shall not be less than the required useful life for capital assets pursuant to the State General Obligation Bond Law (Chapter 4 (commencing with GC Section 16720) of part 3 of Division 4 of Title 2), specifically subdivision (a) of GC Section 16727. Rolling stock may be considered capital asset/equipment with a useful life of two years or more, but the project sponsor must state the intended useful life.

- Table 5 – Description of Major Benefits/Outcomes and Attachment A.1: In this table summarize the benefits, but also complete and submit Attachment A.1. The sample benefits included in Attachment A.1 are not exhaustive and represent those generally resulting from public transportation projects.
- Table 6 – Project Schedule and Milestones and Attachment A.2: State the estimated start and completion dates for the project phases, including, but not limited to: environmental clearance, land acquisition (where applicable), design, construction bid award, construction completion (and/or date of equipment procurement contract execution and delivery), and project closeout.

Attachment A.2 is the “Total Project Cost and Funding Plan” which also must be completed and submitted. The funding plan must demonstrate the project is fully funded by identifying the sources of funding, including federal, local, private, and State money committed for the project. The PTMISEA funds requested by each

project sponsor cannot exceed the amount identified by the Controller. (Section 6 above provides an additional explanation.)

The plan must show the funds will be encumbered within three years of the allocation. Encumbered means the project sponsor has entered into a contract for the phase of the project for which it receives an allocation. The plans must show the funds will be expended within three years of encumbrance.

- Table 7 – Tax Compliance Information: Respond to the questions as asked. These questions replace the Tax Compliance Questionnaire usually required.

Projects must be consistent with the project sponsor's most recently adopted short-range transit plan or other publicly adopted plan that programs or prioritizes funds for transit capital improvements, including the region's transportation improvement program or a certified board endorsement. This reference document, or applicable segment, must be attached to the Request.

#### 8. Request Submittal

The signed Request (including Attachments A.1, A.2, and the relevant sections of the publicly adopted plan) and any letter of verification from the regional entity, as applicable, will be submitted to:

Joan Musillani, PTMISEA Program Manager  
**Joan\_Musillani@dot.ca.gov**  
(916) 654-9495

Before the Department can provide final determination, an original signed hardcopy must be sent to:

Joan Musillani, PTMISEA Program Manager  
California Department of Transportation  
Division of Mass Transportation, MS #39  
P.O. Box 942874  
Sacramento, CA 94274-0001

#### 9. Project Eligibility Verification and Adoption

The Department will review the Requests and only approve projects that meet the requirements of PTMISEA as outlined above. A minimal operable project segment will only be approved if the benefits are sufficient to meet the objectives of the PTMISEA. Project sponsors are expected to demonstrate they have the financial capacity to maintain and operate the project services, as well as the financial and institutional ability to accept the legal liabilities and obligations for the duration of the project's useful life. These PTMISEA funds shall be spent consistent with the California Air Resources Board's regulations governing transit equipment and emissions.

Upon approval, the Department will establish and adopt a list of the eligible projects and allocations by project sponsor that are ready to proceed within the following six-month period and submit the list to the Controller. The Department will send written notification to the project sponsor(s), including an accounting of the FY 2007-08 PTMISEA share remaining to be approved for other eligible projects.

10. Biannual Project Lists

For FY 2007-08, Requests can be made on a continuous basis up to the amount allocated for that year. However, the Department only sends a list of all approved PTMISEA projects that are ready to proceed within the following six-month period to the Controller biannually.

A project sponsor eligible to receive an allocation in FY 2007-08 but which does not submit a project for funding may request its funding share within the next two fiscal years. Eligible project sponsors not requesting funds in FY 2007-08 are strongly encouraged to submit a brief statement regarding the expected request date. This information will be used in the Department's reports to indicate the need for transit funds with a summary of reasons for deferral.

11. Allocations from the PTMISEA

After receiving the Department's adopted PTMISEA list, the Controller will issue the warrant to the project sponsor(s) up to the level of funding it is eligible to receive for the project. This means that a sponsor may request funds in advance of actually incurring the expense, if the Department has verified that the project is eligible. Funds will be allocated based on project readiness as indicated in the submitted schedule. To receive funds electronically, complete the form found at the website below and send it to the Controller: <http://www.sco.ca.gov/ard/state/forms/fam34.pdf>.

12. Eligible Bond Expenditures/Timely Use of Funds

Per statutes, costs allowable include costs incidentally but directly related to construction or acquisition including, but not limited to, planning, engineering, construction management, architectural and other design work, environmental impact reports and assessments, required mitigation expenses, appraisals, legal expenses, site acquisitions, and necessary easements. The Department must verify that funds can be encumbered within three years of the allocation and expended within three years after encumbrance. Project costs incurred after the FY 2007-08 Budget Act (August 24, 2007) was enacted are eligible expenditures if the project fulfills the PTMISEA requirements and is adopted by the Department.

## **Accountability and Progress Reports**

### **13. Project Accountability and Semi-Annual Reporting**

Each project must meet the front-end, in-progress, and follow-up accountability requirements of the Governor's Executive Order S-02-07, (E.O.) as found at: [http://www.bondaccountability.ca.gov/Executive\\_Order/](http://www.bondaccountability.ca.gov/Executive_Order/).

The Department will submit to the Department of Finance, the Controller, and the Treasurer a report that includes the project information taken from the Requests and subsequent adopted list. The Department's report will fulfill the E.O. front-end reporting requirement for the project sponsors.

GC Section 8879.50(f)(1) requires the project sponsor to report semi-annually on the activities and progress made on the project to the Department to ensure the projects and activities funded from bond proceeds are being executed in a timely fashion, within the scope and cost approved at the time of allocation, and are achieving the intended purposes. The first report will be due six months after allocation. The second report will be 12 months after the allocation. The project sponsor must also notify the Department when the allocated funds have been encumbered. These semiannual reports to the Department fulfill the E.O. in-progress reporting requirements for the project sponsors. The semiannual report format is included in Attachment A.1.

If the project is expected to exceed the approved budget, the project sponsor shall provide a revised plan to the Department indicating how it will address the cost increase. The project sponsor may either downscope the project or find an alternative funding source. Unallocated FY 2007-08 PTMISEA funds may be used as an alternative source.

The information from the Department's reports will be available online, accessible through the Department of Finance website, allowing the public and officials to see how bond funds are being used. The State Treasurer will prepare an annual executive summary of information on the bond projects and post it online, including any conclusions or recommendations to the Legislature or responsible department.

### **14. Project Audit and Follow-up Report**

The annual audit of public transportation operators already required under the Transportation Development Act (TDA) pursuant to PUC 99245 shall be expanded to include verification of receipt and appropriate expenditure of bond funds in accordance with SB 88, Statutes of 2007. Each project sponsor receiving PTMISEA funds in a fiscal year for which an audit is conducted shall transmit the audit to the Department, and the Department shall make the audits available to the Legislature and the Controller. If the annual audit is conducted six months after the project becomes fully operational or has entered service and includes final costs compared to the original project budget, the project duration as compared to the project schedule at date of allocation, and

performance outcomes achieved as compared to the outcomes described in the original application, the audit can fulfill the E.O. requirement for follow-up reporting.

15. Commission's Annual Report

The Department shall provide project information to the California Transportation Commission to include in its annual report. The report shall include a summary of the PTMISEA project activities including the description and location, the amount of funds allocated to each project, progress made to date, and a description of the public benefits achieved. This will also include a list of any projects that have been subject to an audit.

**Other General Information**

16. Attachment B contains frequently asked questions and answers, definitions, and process timelines. For FY 2007-08, the timeline is below:

- |  |                   |
|--|-------------------|
| • Distribute final guidelines                    | November 2007     |
| • Project Sponsor submit Request to Department   | December 28, 2007 |
| • Department releases adopted list to Controller | January 2008      |
| • Controller allocates funds for first cycle     | February 2008     |
| • Second Project submittal to Department         | April 2008        |
| • Department releases adopted list to Controller | May 2008          |
| • Controller allocates funds for second cycle    | June 2008         |

**Public Transportation Modernization, Improvement and  
Service Enhancement Program (PTMISEA)  
PROJECT DESCRIPTION AND ALLOCATION REQUEST**

<b>Project Sponsor*:</b>	<b>County:</b>
<b>Project Title:</b>	

I certify the scope, cost, schedule, and benefits as identified in the attached Project Description and Allocation Request (Request) and attachments are true and accurate and demonstrate a fully funded operable project. I understand the Request is subject to any additional restrictions, limitations or conditions that may be enacted by the State Legislature, including the State's budgetary process, which may effect the amount of bond proceeds received by the project sponsor now and in the future. Project sponsors may need to consider alternative funding sources if bond proceeds are not available. In the event the project cannot be completed as originally scoped, scheduled and estimated, or the project is terminated prior to completion, project sponsor shall, at its own expense, ensure that the project is in a safe and operable condition for the public. I understand this project will be monitored by the California Department of Transportation -- Division of Mass Transportation.

\_\_\_\_\_  
**Name:**

\_\_\_\_\_  
**Signature:**

\_\_\_\_\_  
**Title:**

\_\_\_\_\_  
**Agency:**

\_\_\_\_\_  
**Date:**

\*If this project includes funding from more than one project sponsor, the project sponsor above becomes the "recipient agency" and the additional contributing project sponsor(s) must also sign and state the amount and type of PTMISEA funds (GC Section 8879.55(a)(2) and/or Section 8879.55(a)(3)) contribution, or attach a separate officially signed letter providing that information. Attach additional pages if necessary.

\_\_\_\_\_  
**Name:**

\_\_\_\_\_  
**Signature:**

\_\_\_\_\_  
**Title:**

\_\_\_\_\_  
**Agency:**

\_\_\_\_\_  
**Date:**

**Amount:** \_\_\_\_\_

**PTMISEA 2007- 08 PROJECT DESCRIPTION  
AND ALLOCATION REQUEST**

Date: \_\_\_\_\_

Allocation Amount per GC 8879.55(a)(2)/PUC 99313: \$ \_\_\_\_\_

Allocation Amount per GC 8879.55(a)(3)/PUC 99314: \$ \_\_\_\_\_

Total Allocation Request: \$ \_\_\_\_\_

Project Title: \_\_\_\_\_

Project Location: \_\_\_\_\_

**Table 1: Project Sponsor/Recipient Agency Information**Project Sponsor/  
Recipient Agency: \_\_\_\_\_*Legislative District Numbers*

Contact: \_\_\_\_\_

Contact Phone #: \_\_\_\_\_

Email Address: \_\_\_\_\_

Address: \_\_\_\_\_

Senate: \_\_\_\_\_

Assembly: \_\_\_\_\_

**Table 2: Contributing PTMISEA-Eligible Project Sponsor Information**

PTMISEA Contributors: \_\_\_\_\_

Amount: \_\_\_\_\_ Type: \_\_\_\_\_

Contact: \_\_\_\_\_

\$ \_\_\_\_\_

Contact Phone #: \_\_\_\_\_

Email Address: \_\_\_\_\_

Address: \_\_\_\_\_

Other Contributing Sponsors: Sponsors (Attach sheet with contact info)

Amount: \_\_\_\_\_ Type: \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

\$ \_\_\_\_\_

Total: \$ \_\_\_\_\_

(\*Contributing project sponsors attach signed letters of verification as to amount and eligibility or sign cover page)

**Table 3: Project Category**Check **only 1** box that best fits the description of the project being funded.☐ Rehabilitation, Safety or Modernization Improvement☐ Bus Rapid Transit☐ Capital Service Enhancement or Expansion☐ Rolling Stock Procurement:☐ New Capital Project\_\_\_\_ Rehabilitation or  
\_\_\_\_ Replacement

**Table 4: Project Summary**

a) Describe the project (or minimum operable segment) for which you are applying for funds, including the useful life of the project. Attach additional sheets if necessary.

Write here:

b) If the application is for the purchase of vehicles or rolling stock, please include information on size, passenger count, accessibility, expected useful life and fuel type:

Write here:

**Table 5: Description of Major Benefits/Outcomes** (Also complete and submit Attachment A.1)

Write brief summary here:

**Table 6: Project Schedule and Milestones** (Also complete and submit Attachment A.2)

	Date
Project Study Report Approved	
Begin Environmental (PA&ED) Phase	
Circulate Draft Environmental Document	
Draft Project Report	
End Environmental Phase (PA&ED Milestone)	
Begin Design Phase (PS&E Milestone)	
End Design Phase (Ready to list for Advertisement Milestone)	
Begin Right of Way Phase	
End Right of Way Phase (Right of Way Certification Milestone)	
Begin Construction Phase (includes vehicle/equipment order) (Contract Award Milestone)	
End Construction Phase (includes vehicle/equipment acceptance) (Contract Acceptance Milestone)	
Begin Closeout Phase	
End Closeout Phase	

**Table 7: Tax Compliance Information**

Is it reasonably anticipated that any money will be derived at any point in the future as a result of the project that will be paid to the State?

☐  
☐

YES

NO

If yes, please describe the source of the money and provide an estimate of the amount:

Estimate: \$ \_\_\_\_\_

☐

A completed Attachment A.1

☐

A completed Attachment A.2

☐

The most recently adopted short-range transit plan, or other publicly adopted plan that programs or prioritizes the expenditure of funds for transit capital improvements which indicates this project is consistent with it.

**Description of Major Benefits and Outcomes**  
**Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA)**

**PROJECT SPONSORS:** Please check the appropriate bond category the funding will be used for and complete the corresponding information for project type, outputs and benefits/outcomes. If you are funding more than one project, complete a separate sheet for each project. Examples are provided. Project Sponsors will use this table to report progress to the Department semi-annually and for annual audits. The information will be reported to the Legislature and the Department of Finance and will be available on the Governor's Bond Accountability Website for the public.

Prop 1B Bond Category (Check Only 1)	Project Type (Example shown)	Outputs (Provide the number of items to be obtained)	Benefits/Outcomes Expected (Provide the expected result of project.)	Outcome Progress Report (Due 6 & 12 months after allocation)	Financial Progress Report (Due 6 & 12 months after allocation)
<b>1) Improvements:</b> <input type="checkbox"/> Rehabilitation, or <input type="checkbox"/> Safety, or <input type="checkbox"/> Modernization	State your project here: _____  Examples: Transit Fleet Rehabilitation or Transit Information Systems	State your project here: _____  Examples: Total number of vehicles to be rehabilitated/refurbished Total number of AVL or next bus signs to be installed	State expected benefit/outcome here: _____  Examples: Extend bus life by 10 years Increase safety 10% Improve on-time performance 10%		
<b>2) Capital Service:</b> <input type="checkbox"/> Enhancement or <input type="checkbox"/> Expansion	State your project here: _____  Examples: Install Equipment Add commuter rail lines or bus lines	State your output here: _____  Examples: Total number AFC to be installed. Total number new commuter lines or bus routes to be installed	State your expected benefit here: _____  Examples: Improve on-time performance 10% # of riders increased by 100 Increase commuter lines 10%		
<b>3) Capital Projects:</b>  <input type="checkbox"/> New	State your project here: _____  Examples: Commuter lines Buy buses	State your output here: _____  Examples: Total number of miles or lines or buses	State your expected benefit here: _____  Examples: # of riders increased by 200 Increase lines or routes by 10%		

**Description of Major Benefits and Outcomes**  
**Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA)**

**PROJECT SPONSORS:** Please check the appropriate bond category the funding will be used for and complete the corresponding information for project type, outputs and benefits/outcomes. If you are funding more than one project, complete a separate sheet for each project. Examples are provided. Project Sponsors will use this table to report progress to the Department semi-annually and for annual audits. The information will be reported to the Legislature and the Department of Finance and will be available on the Governor's Bond Accountability Website for the public.

Prop 1B Bond Category (Check Only 1)	Project Type (Example shown)	Outputs (Provide the number of items to be obtained)	Benefits/Outcomes Expected (Provide the expected result of project.)	Outcome Progress Report (Due 6 & 12 months after allocation)	Financial Progress Report (Due 6 & 12 months after allocation)
4) <u>BRT</u> Improvements	State your project here:  Examples: Commuter lines or miles Buy buses	State your output here:  Examples: Total <u>number</u> of BRT miles or access ramps to be built Total number of priority signalization equipment to install	State your expected benefit here:  Example: # of riders increased by 200		
5) <u>Rolling Stock</u> Procurement for: Or <u>Expansion</u> Or <u>Replacement</u> Or <u>Rehabilitation</u>	State your project here:  Example: Purchase new vehicles	State your output here:  Example: Total <u>number</u> of new vehicles purchased and type	State your expected benefit here:  Examples: # of riders increased by 200 Increase life of fleet by ____ % Reduce service costs by ____ %		

**Public Transportation Modernization, Improvement, and Service Enhancement Account  
Total Project Cost and Funding Plan**

Shaded fields are automatically calculated. Please do not fill these fields.

Proposed Total Project Cost:								Project Total
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	
PA&ED	0	0	0	0	0	0	0	0
PS&E	0	0	0	0	0	0	0	0
R/W	0	0	0	0	0	0	0	0
CON	0	0	0	0	0	0	0	0
Vehicle Purchase	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0

Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA)								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								0
PS&E								0
R/W								0
CON								0
Vehicle Purchase								0
TOTAL	0	0	0	0	0	0	0	0

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								0
PS&E								0
R/W								0
CON								0
Vehicle Purchase								0
TOTAL	0	0	0	0	0	0	0	0

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								0
PS&E								0
R/W								0
CON								0
Vehicle Purchase								0
TOTAL	0	0	0	0	0	0	0	0

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								0
PS&E								0
R/W								0
CON								0
Vehicle Purchase								0
TOTAL	0	0	0	0	0	0	0	0

Shaded fields are automatically calculated. Please do not fill these fields.

**Public Transportation Modernization, Improvement, and Service Enhancement Account**  
**Total Project Cost and Funding Plan**

Shaded fields are automatically calculated. Please do not fill these fields.

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								0
PS&E								0
R/W								0
CON								0
Vehicle Purchase								0
TOTAL	0	0	0	0	0	0	0	0

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								0
PS&E								0
R/W								0
CON								0
Vehicle Purchase								0
TOTAL	0	0	0	0	0	0	0	0

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								0
PS&E								0
R/W								0
CON								0
Vehicle Purchase								0
TOTAL	0	0	0	0	0	0	0	0

Funding Source:								
Component	Prior	07/08	08/09	09/10	10/11	11/12	12/13	Total
E&P (PA&ED)								0
PS&E								0
R/W								0
CON								0
Vehicle Purchase								0
TOTAL	0	0	0	0	0	0	0	0

Shaded fields are automatically calculated. Please do not fill these fields.

FREQUENTLY ASKED QUESTIONS AND ANSWERS  
REGARDING THE PTMISEA, DEFINITIONS AND KEY PROCESSES

1. Who is eligible to be a “project sponsor?”

- The State Controller’s Office (Controller) designates the project sponsor, per SB 88. The Controller’s letter of October 24, 2007, identifies project sponsors, based on the eligibility for funding per PUC 99313 or 99314.
- Project sponsors eligible to receive funds under Government Code 8879.55(a)(2)/PUC Section 99313 are labeled “Regional Entities” on the SCO letter of October 24, 2007. Regional entities include some Regional Transportation Agencies (RTPAs) and counties.
- Project sponsors for GC 8879.55(a)(3)/PUC Section 99314 are labeled “Operators.”

2. What is the role of the RTPA and Transit Operators?

- Where the RTPA is designated as a project sponsor, it must complete the Project Description and Allocation Request (Request) form and attachments and submit per the guidelines, and fulfill all reporting and audit requirements.
- Where the transit operator is designated as the project sponsor, it must complete the Request form and attachments and submit per the guidelines, and fulfill all reporting and audit requirements.
- Where a project sponsor is combining 8879.55(a)(2)/PUC 99313 and 8879.55(a)(3)/PUC 99314 funds or another project sponsor’s allocation, the Request form must include:
  - ❖ Identification and designation of a “recipient agency.”
  - ❖ Signed letter of agreement from the contributing project sponsor(s) as to the dollar amount it is contributing, verifying the amount is available, and the understanding it is still accountable for the use of funds to be reported in the annual audit, in accordance with SB 88.

3. Can project sponsors submit projects beyond FY 2007-08?

- Project sponsors can submit allocation requests for projects using FY 2007-08 bond funds. Since the bond funds are appropriated annually, there is no certainty of specific future bond funding or levels. Projects sponsors requesting inclusion of future year PTMISEA funds in order to demonstrate a fully funded project, the sponsor shall, at its own expense, ensure that the project is in a safe and operable condition for the public.

- The FY 2007-08 Budget Act does allow a project sponsor to delay the start of a project up to two years later. However, if this is done, it is strongly recommended the project sponsor write a brief letter stating this intent. This will then be included in Caltrans' required semi-annual and annual report to the Department of Finance to illustrate the need for the funding.
4. If a project sponsor is ready to move forward on a project they consider a PTMISEA eligible project, when can they start incurring costs?
- Once Caltrans has verified the Request is consistent with PTMISEA requirements, expenditures made after the Governor's Budget Act was approved are allowable. The FY 2007-08 Budget was approved August 24, 2007.
  - Procurement contracts executed prior to the Budget Act approval may be eligible if Caltrans approves the project; however, an expenditure is not allowable unless made after the Budget Act approval of August 24, 2007.
  - Requests can be submitted at any time to Caltrans, however payments from the Controller will only be made twice a year per SB 88.
5. Is the purchase of land or right-of-way as needed for transit buses an eligible expenditure?
- Land can be an allowable cost BUT it must be part of an immediately operable project or segment of an immediately operable project. This would have to be described in the Request.
6. Will radio equipment for new and existing vehicles be allowable under "modernization" improvements?
- Radio equipment can be allowable, if benefit is described.
7. If transit operators were to combine the funds from two or more counties towards one project, would they need to file separate project applications for the allocations from each county? Or could they file one project application?
- Only one full Project Description / Allocation Request from the Recipient Agency will be required but each of the agencies contributing funds will need to provide a letter of concurrence and meet other requirements. See answer under #2.
8. Project sponsors may wish to trade some of the FY 07-08 PTMISEA funds to other agencies in the State in return for them providing us with funds from a different program or PTMISEA funds allocated in future years. Would the guidelines allow us to trade funds to RTPAs and operators in other counties?
- Yes, you can share funds between sponsors, but the PTMISEA funds must support a project that meets the PTMISEA criteria.

- In accordance with SB 88, auditing/accountability will fall with the Controller-designated sponsoring agency. If a sponsoring agency chooses to trade funds, it will still be responsible for reporting, auditing and accounting for the use and benefits of the allocation.
9. The guidelines require that projects be consistent with the sponsor's most recently adopted short-range transit plan. Because operators have not known when the PTMISEA funds would be available and in what amount per fiscal year, operators should be allowed to amend existing short-range transit plans to add new projects. Plans may not be amended by the deadline when project applications are due, however.
- If the short-range transit plan is in the process of being amended, please state that on the request and forward a copy of the amended plan, with the included project, as soon as it has been adopted.
  - A publicly adopted plan or program of funding is also acceptable, and this would include a board-approved declaration.
  - If the project is part of a very large plan or document, submit only the relevant section covering the transit element.
10. Can an expected future appropriation of PTMISEA funds be an eligible source for cost increases when providing a plan to Caltrans identifying an alternate funding source for the cost increase?
- In accordance with SB 88, PTMISEA funds cannot be used to cover cost increases. The agency must find an alternate funding source. As with all budget acts, there is no State guarantee of specific future funding levels since funds are appropriated annually at this point; therefore, it cannot be cited.
11. Can PTMISEA funds be directed to projects that are already under contract?
- Yes, consistent with the answer under #4.
12. For project sponsors who do not seek allocations in FY 2007-08 will their funds be available to the sponsor in the following fiscal year and future years along with the sponsor's share of future appropriations?
- FY 2007-08 PTMISEA funds are available for allocation until June 30, 2010. If a project sponsor does not request an allocation or its entire share in FY 2007-08, the funds will remain available to that sponsor for two additional years and can be combined with the next year's allocation (if the Budget Act appropriates funds). However, if a sponsor delays use of their funds into subsequent years, it is recommended that the sponsor submit a brief letter stating this intent. This will then be included in the Department's required semi-annual and annual report to the Department of Finance to illustrate the need for the funding.

13. Will there be a mechanism established where an agency may designate another agency as the recipient of the funds to implement projects of joint interest?
- Yes, but a “recipient agency” must be designated according to the agreement of all contributing parties, and it must be an eligible sponsor on the Controller’s list. A support letter must be submitted from all contributing parties.
  - In accordance with the response to #2 above, accountability resides with Controller-designated project sponsor for its allocated share, regardless if it contributes to another project.
14. What will happen to funds if a project sponsor does not request up to its allocated level? Will there be a mechanism established such that other regions may request an advance of their future formula funds to insure that all appropriated funds are allocated in the year of appropriation?
- FY 2007-08 PTMISEA funds are available for allocation until June 30, 2010. If a sponsor does not request their entire share in FY 2007-08, the funds will remain available to that sponsor for two additional years and can be combined with the next year’s availability IF appropriated by the Budget Act for that year.
15. Please expand on the concept of minimum operable segment and how it is proposed to be used to determine eligibility.
- Each segment must be able to provide a measurable and useable benefit if operated on its own without the other segments.
16. Often times multiple funding sources are used for major capital projects and a single year’s appropriation may not be sufficient to cover all the needs to complete a minimum operable segment. Given that funding from this program is subject to the annual appropriation process, it will be difficult to demonstrate full funding for a project that may take several years’ worth of appropriations to complete. Will regions be able to proceed with projects that may require multiple years’ worth of appropriation under an Advance Construction-type of arrangement, similar to Federal Highway Administration (FHWA) funds, that guarantees funds will continue to flow to the project as soon as they are appropriated or if other regions fail to have projects that are ready to go? Can a process similar to the CTC’s Letter of No Prejudice (LONP) process be used to allow for the allocation of future funds?
- If a single year’s appropriation is not sufficient to fully fund a project, the agency may wait to request an allocation in a following year, when they can combine them with the next year’s appropriation. However, there is no certainty of future bond funding appropriation.
  - Due to annual allocations, the LONP process is not available for the bond funds.

**PTMISEA Definitions (reference SB 1266, SB 88, PUC Codes, GO Bond statutes):**

- ❑ Administrative Agency: California Department of Transportation (Department).
- ❑ Project Sponsor: a transit operator, including a rail transit, commuter rail, bus, or waterborne transit operator, eligible to receive an allocation of funds under the State Transit Assistance program pursuant to Sections 99314 and 99314.3 of the Public Utilities Code (PUC), or a local agency, including a transportation planning agency, county transportation commission, or the San Diego Metropolitan Transit Development Board eligible to receive an allocation of funds under the State Transit Assistance program pursuant to Section 99313 of the PUC.
- ❑ 2007/08 PTMISEA Share – the portion of appropriated funds (\$600 million) that each project sponsor is eligible to receive from the PTMISEA.
- ❑ Project Approval: a review by the Department to determine that the proposed projects are in compliance with the requirements of applicable statutes
- ❑ Program Adoption: the Department's action to biannually adopt a list of projects eligible for allocation from funds appropriated to the PTMISEA in FY 2007-08.
- ❑ Allocation: the Controller's office shall allocate funds to the project sponsors based on calculations identified in SB 88, Statutes of 2007.
- ❑ Recipient agency: The project sponsor that is designated to submit one application on behalf of several project sponsors that are cooperating on one project. The recipient project sponsor and the contributing project sponsors each remain accountable via the semi-annual progress report and annual audit for their allocation of funds.
- ❑ Project: Capital used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation, or replacement.
- ❑ Eligible bond expenditures: Costs allowable under this section include costs incidentally but directly related to construction or acquisition, including, but not limited to, planning, engineering, construction management, architectural and other design work, environmental impact reports and assessments, required mitigation expenses, appraisals, legal expenses, site acquisitions, and easements.
- ❑ Administrative costs:
  - ❖ The costs of a State agency with responsibility for administering the bond program. These costs include those incurred by the Treasurer, the Controller, the Department of Finance, and the Public Works Board for staff, operating expenses and equipment, and consultants' costs.
  - ❖ The costs of the Treasurer's office directly associated with the sale and payment of the bonds, including, but not limited to, underwriting discounts, costs of printing, bond counsel, registration, and fees of trustees.

- ❑ Audit: Annual certified fiscal audit. See Public Utilities Code Sections 99245 and 99245.2.
- ❑ Semi-annual Report: The project sponsors must complete A.1 with progress made to date on allocations received. Made six months and 12 months after allocation.
- ❑ Final Report: Within six months of the project becoming operable, the recipient agency shall provide a report to the administrative agency on the final costs of the project as compared to the approved project budget, the project duration as compared to the original project schedule as of the date of allocation, and performance outcomes derived from the project compared to those described in the original application for funding. The administrative agency shall forward the report to the Department of Finance.

### **Summary of Process:**

Activity	Frequency
1) SCO determine project sponsors and the amount each is to receive (2007/08 PTMISEA Share)	Done
2) Project sponsors individually, or in partnership with other project sponsors, propose projects and submit project nomination descriptions for project approval. Project proposals with more than one sponsor shall: <ul style="list-style-type: none"> <li>a) document the amount of PTMISEA funding by project sponsor,</li> <li>b) document the <u>recipient agency</u>, the sponsor that is to receive the allocation of funds,</li> <li>c) contain signatures of authorized individuals from each project sponsor (or board resolution, etc)</li> </ul>	Continuously
3) Caltrans reviews project proposal and: <ul style="list-style-type: none"> <li>a) requests additional information if needed</li> <li>b) approves project as eligible to receive PTMISEA allocation</li> <li>c) disapproves project, and notifies sponsor of reasons why project is not eligible to receive allocation of PTMISEA funds</li> </ul>	Continuously upon receipt of project proposals
4) Caltrans notifies sponsor(s) of project approval, including a determination of the amount of 2007/08 PTMISEA Share remaining to be approved.	Continuously upon receipt of project proposals
5) Caltrans adopts list of PTMISEA projects	Bi-annually
6) Caltrans provides SCO with the allocation amount for each project sponsor.	Bi-annually
7) SCO allocates funds and issues warrant.	Bi-annually
8) Project sponsors submit progress reports.	Bi-annually
9) Project sponsors include PTMISEA activities in annual audit	Annually
10) Project sponsors submit final report.	6-months from project completion